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SUBJECT: BAVARIAN MINISTER-PRESIDENT STOIBER TO STEP-DOWN

REF: MUNICH 15

¶1. Bavarian Minister-President Edmund Stoiber announced January 18 he will resign his posts as Minister-President and Christian Social Union (CSU) Party Chairman by September 30, 2007. Bavarian State Parliament (Landtag) President Alois Glueck confirmed to the Consul General shortly after Stoiber's declaration that Bavarian Interior Minister Guenther Beckstein will assume the office of Minister-President and Bavarian Economic Minister Erwin Huber will most likely be selected as CSU Party Chairman.

¶2. While the choice of the popular Beckstein as Minister-President appears uncontested, Huber faces competition for the CSU leadership position from German Agriculture Minister Horst Seehofer, who has also expressed interest in the job. Beckstein and Huber reportedly agreed that a messy fight over Stoiber's successor should be avoided, and thus arrived at this division of labor with Stoiber's blessing. Glueck, who played a key intermediary role in working out this succession plan, told the CG that Stoiber had only on January 18 agreed to step aside, despite days of turmoil and speculation within the CSU over his future. Glueck said that contrary to media reports and speculation by party insiders, he never actually envisaged changing his plans to retire in 2008 and seek the Minister-President position for himself.

¶3. Recent polls showed the CSU potentially falling short of its 50 percent absolute majority threshold, and that over 70 percent of Bavarians wanted Stoiber to step down. Stoiber's slow but steady loss of popularity began soon after his success in the 2003 Landtag elections when his rigid reform agenda alienated party friends and loyal CSU supporters. His decline accelerated with his eleventh hour decision not to join Angela Merkel's grand coalition government in November 2005. The so-called "Pauli Affair" and Stoiber's ambitious declaration of intent to remain in power through 2013 (reftel) proved a bridge too far for Bavarians and the CSU.

¶4. There will be internal CSU meetings on January 19 and the following week to work out a timetable for a smooth transition of power. We expect Beckstein to be elected Minister-President in October 2007 once the Landtag convenes following its summer break. A party convention which had been planned for November 30, 2007 will be advanced to September to decide on a future party leader.

¶5. COMMENT: Given Stoiber's cool relationship with Merkel, and his at best lukewarm support of the grand coalition's agenda (obstructionist at worst), we view Stoiber's departure as a net positive for Merkel. We expect she would have a constructive relationship with both Beckstein and Huber: Beckstein was Merkel's favorite for the position of Federal Interior Minister, and she had offered Huber the position of head of the Federal Chancellery. Ironically, both men remained in Bavaria with hopes of replacing Stoiber, expecting him to remain in Berlin as a member of Merkel's government following the 2005 elections.

¶6. This report has been coordinated with Embassy Berlin.

¶7. Previous reporting from Munich is available on our SIPRNET

website at www.state.sgov.gov/p/eur/munich/ .

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